

## **Minutes of the Finance Committee**

**Wednesday, October 5, 2011**

Chair Haukohl called the meeting to order at 8:30 a.m.

**Present:** Supervisors Pat Haukohl, Pamela Meyer, Bill Zaborowski, Dave Falstad, Rob Hutton, and Jim Heinrich. **Absent:** Ted Rolfs

**Also Present:** Chief of Staff Mark Mader, Senior Financial Analyst Clara Daniels, Treasurer Pam Reeves, Register of Deeds Jim Behrend, Public Finance Director of Baird Bradley Viegut, Administration Director Norm Cummings, Budget Manager Keith Swartz, Budget Specialist Linda Witkowski, Accounting Services Manager Larry Dahl, Senior Financial Analyst Linda Hein, Risk/Purchasing Manager Laura Stauffer, Financial Analyst Danielle Igielski, Information Systems Manager Mike Biagioli. Recorded by Mary Pedersen, County Board Office.

### **Approve Minutes of Previous Meeting(s)**

MOTION: Heinrich moved, second by Falstad to approve the minutes of September 21, 2011. Motion carried 6-0.

### **Schedule Next Meeting Dates**

- October 11, 12, 19, 20 and 31

### **Chair's Executive Committee Report**

Haukohl said the Executive Committee at their last meeting reviewed proposed 2012 operating budgets for Federated Library, Community Development Block Grant (CDBG), UW-Extension (Brandtjen voted 'no'), and Non-Departmental. The County Board may be asked to reconsider the Small Business Leverage Loan Program which was recently defeated (Ordinance 166-O-054). Tax levy is being applied as fund balance to the 2012 CDBG budget which has not been done in the past and is a policy change. The money will be used to hire a consultant to review contracts.

### **Announcements**

Zaborowski noted that he attended yesterday's Parks & Land Use Committee meeting.

### **Discuss and Consider the 2012 Operating Budget for the Treasurer's Office**

Reeves reviewed the proposed 2012 operating budget for the Treasurer's Office. A total of \$7,288,462 in county tax levy will be credited, a decrease of \$112,000 or 1.5% from the 2011 budget. Both revenues and expenditures are budgeted at \$643,788, a decrease \$11,000 or 1.7%. The positions summary shows a decrease of 0.50 for a total of 5.60 FTE (full-time equivalent) positions (-0.50 in regular positions, +0.01 in extra help, and -0.01 in overtime). Reeves went on to review the financial summaries, current and proposed capital projects, strategic outcomes and objectives, program highlights, and activity data.

MOTION: Zaborowski moved, second by Falstad to tentatively approve the 2012 operating budget for the Treasurer's Office. Motion carried 6-0.

### **Payment of Special Assessments and Tax Certificates Issued**

Reeves referred to her handout titled “Waukesha County History of Property Tax Certificates Issued” and “Delinquent Special Assessments Paid to Municipalities.”

Regarding tax certificates issued, Reeves noted that all unpaid taxes go delinquent after July 31 of any tax year. By State Statute, the County issues what is called a tax certificate on September 1. Reeves said this is basically a letter that goes out to property owners informing them that the County has a legal lien against their property for delinquent property taxes. It is somewhat of an indicator of the economy. For tax year 2010, a total of 3,157 tax certificates were issued reflecting \$12,618,974.67 in delinquent taxes. This compares to 2006, for example, when these figures were 2,662 and \$7,619,628.47, respectively.

Regarding special assessments, Reeves indicated that Waukesha County, by choice, takes over unpaid special assessments such as sewer and water projects, etc., similar to what we do for unpaid property taxes. Reeves said this works out well and the County has not really incurred any losses as a result of this policy. The County charges 1.5% each month in interest and penalties on these outstanding charges and over the years the County has collected quite a bit in revenues. A total of \$1,154,351.67 in delinquent special assessments was paid to Waukesha County municipalities in 2010. Reeves noted that if we did not buy out the specials, we would have to pay the municipalities on a monthly basis for any specials collected.

MOTION: Hutton moved, second by Falstad to accept the report on payments of special assessments and tax certificates issued. Motion carried 6-0.

### **Contract Procurement Process for Help Desk Services**

Mundt advised the contract was awarded to CompuCom Systems, Inc., the highest rated proposer, for a total contract cost of \$185,752 for two years. The first year budgeted amount was \$140,000 and the first year cost is \$92,876. CompuCom, the current provider, was the only vendor to submit an RFP for consideration.

Mundt said they have been very satisfied CompuCom and if there is only to be one RFP response, this is a good one to get. CompuCom provides a good service at a far lesser cost than if we County staff provided this service. He noted that we began contracting out this service about ten years ago. Mundt said according to Purchasing staff, RFP's were sent to 496 vendors plus two ads were placed in the Milwaukee Journal/Sentinel. He did not know why more vendors chose not to submit RFP's.

MOTION: Zaborowski moved, second by Falstad to approve the contract procurement process for help desk services. Motion carried 6-0.

### **Refinance of 2005 Bond Issue – Analysis of Savings and Discussion of Private Placement Process**

Viegut distributed information pertaining to this agenda item. He advised this is a refinancing opportunity for the 2005 bond issue to lower interest rates. This is not a public/competitive bid sale and it would be placed privately with JP Morgan Chase Bank at a fixed interest rate with the accrual process starting next April. Baird's role in this transaction is to negotiate the interest rate with JP Morgan Chase Bank. Cummings advised that the County has never been approached like this. It is

beneficial to lock in the interest rate now as we do not know what will happen next year. Viegut indicated that the present value savings is estimated at \$333,553 or 4.974% based on current interest rates. The gross savings is listed at \$343,113. Cummings said another benefit of this approach is that it will save the County around \$18,000 because it will not be subject to a review by the rating agencies, unlike the competitive bid process. An ordinance will be forthcoming and the interest rate will be determined on October 25, 2011.

MOTION: Falstad moved, second by Zaborowski to accept the report as discussed above. Motion carried 6-0.

### **2012 Budget Overview and Five-Year Financial Forecast**

Witkowski, Cummings, and Swartz were present to discuss this item. Cummings discussed how they met the budget gap for next year, how they prepared for it, and how to ensure non-oppressive budgets in the future. Witkowski referred to their PowerPoint presentation and said staff continue to look for service and organizational efficiencies, prioritize programs and services, invest for future payoffs, and examine sustainability with cost savings.

The external forecast environment includes a slow economic recovery, higher than expected interest rates for the long-term, volatile fuel prices, and moderate inflation for the short-term. They are expecting a property tax base value decline of -2% in 2012, 0% in 2013, and 2% growth in 2014 to 2016. The 2012 budget includes a property value actual reduction of 1.4%.

The internal forecast for personnel salary costs reflects an increase of 3.0%. The 2012 budget includes a 1.2% actual salary cost increase after unfunding 18 positions. The County's Wisconsin Retirement System contributions will decrease 6.0% due to the State passing the State budget repair bill. Health insurance costs will increase 5% in 2011 and 7% in 2012 through 2016 (assumes higher co-payments and deductibles). The health insurance budget includes greater HSA participation for a 3.2% increase in 2012. State budget impacts include significant revenue reductions of over \$2.5 million and expense shifts. The Debt Service plan includes a \$20 million issue for the new Health & Human Services Building, reflecting a major construction year, and CTH L.

Witkowski went on to review the operating expenditure projection which, for 2012, is budgeted at -1.4%. The 2012 proposed operating budget is reduced \$5.1 million. This includes a reduction of \$3.5 million for the Children with Special Needs Program due to the State's decision to use a third party administrator. The 2012 proposed capital budget increased \$5.1 million above the forecast, largely for projects that have changes in revenues.

Witkowski discussed State revenue reductions (assumes changes by the State Legislature) which include \$725,000 in General Transportation Aids; \$440,000 in State Shared Revenues; \$425,000 in State Recycling funds (reduced 33%, not eliminated, no levy impact); \$389,000 in Youth Aids (10%); \$330,000 in Income Maintenance (10%); \$120,000 in Child Support funds; \$130,000 for Court Support Grant; and \$500,000 from CDBG (no levy impact from 2011). Witkowski went on to highlight revenue sources by functional area. The final State budget did include some improvements in revenue areas.

Swartz discussed the County tax impact on the homeowner as outlined on Page 21 of the proposed 2012 budget book. In 2010, the median home value was \$260,700 and the County tax on that was

\$514. The 2011 median home value is \$255,600 and the proposed County tax rate is \$514 for a 0% increase. Therefore, there will be no impact on the taxpayer for the County portion of their tax bill if the 2012 budget is adopted as proposed.

**Discuss and Consider the 2012 Operating Budget for the Department of Administration**

Cummings and staff discussed the proposed 2012 operating budget for the Department of Administration via PowerPoint and the proposed 2012 budget book. Total all funds, department-wide, revenues are budgeted at \$12,299,993 – an increase of \$465,996 or 3.9% from the 2011 budget; the County tax levy is budgeted at \$4,642,854 – a decrease of \$366,410 or 7.3%; and expenditures are budgeted at \$17,015,635 – an increase of \$98,156 or 0.6%. The positions summary reflects an increase of 4.14 for a total of 106.64 FTE positions (an increase of 4.11 in extra help and 0.03 in overtime). Cummings and staff went on to review the financial summaries, position summaries, current and proposed capital projects, strategic outcomes and objectives, program highlights, and activity data.

MOTION: Zaborowski moved, second by Falstad to tentatively approve the 2012 operating budget for Department of Administration. Motion carried 6-0.

MOTION: Meyer moved, second by Heinrich to adjourn at 11:52 a.m. Motion carried 6-0.

Respectfully submitted,

Pamela Meyer  
Secretary